

Message Text

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ACTION EB-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01
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PASS STR AND AGRICULTURE

E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: DECEMBER 17 MEETING OF GATT DAIRY MANAGEMENT COMMITTEE

REF: A. GENEVA 9394; B. MADRID 9406

1. THE GATT DAIRY MANAGEMENT COMMITTEE MET ON DECEMBER 17.
A LARGE PART OF THE MEETING WAS TAKEN UP BY A DISCUSSION OF
THE DISCREPANCY BETWEEN SPAIN'S IMPORT STATISTICS AND OTHER
STATISTICS AND INFORMATION INDICATING SHIPMENTS OF NFDM IN
SPAIN. ACCORDING TO SPANISH DEL, THIS DISCREPANCY IS NOT
REPEAT NOT DUE TO THE STATISTICAL DIFFERENCES BETWEEN IMPORT
LICENSES GRANTED AND CUSTOMS CLEARED IMPORTS. IT IS POSSIBLE
THAT THIS DISCREPANCY IS CAUSED BY NFDM SHIPMENTS DECLARED
IN THE COUNTRIES OF ORIGIN TO BE DESTINED FOR SPAIN BUT WHICH
ENTER MERELY SPANISH FREE PORTS AND MAY BE RE-EXPORTED. SEVERAL
DELS POINTED OUT THAT THE CANARY ISLANDS ARE A "TURNTABLE"
FOR DIVERTING SHIPMENTS ORIGINALLY DECLARED TO BE DESOINED FOR
SPAIN. IN THIS CONTEXT THE QUESTION WAS AGAIN RAISED AS TO
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WHERE THE 46,000 METRIC TONS OF NFDM ALLEGEDLY SHIPPED FROM
CANADA TO SPAIN PRIOR TO THE MAY 10 AGREEMENT HAVE REALLY
LANDED, SINCE ONLY 4,000 MT OF THIS DEAL ARE KNOWN OF HAVING
ENTERED SPAIN.

2. THE AUSTRALIAN DELEGATION REPORTED THAT THE AUSTRALIAN DAIRY

BOARD TAKES AN OPTIMISTIC VIEW OF THE MARKET OUTLOOK FOR NFDM. IN AUSTRALIA DEMAND EXCEEDS SUPPLY AND BUYERS ARE WILLING TO PAY AS HIGH A PRICE AS \$400/MT/FOB. THE STRENGTHENING OF THE PRICES ACCORDING TO AUSTRALIAN DEL IS PROVEN BY THE RECENT SALE OF NFDM TO PEJU AT A FOB PRICE OF \$375/MT. ACCORDING TO AUSTRALIAN DEL THE AUSTRALIAN DAIRY BOARD BELIEVES THAT THEREFORE IT WOULD NOT BE UNREASONABLE TO INCREASE THE MINIMUM PRICE FOR NFDM TO ABOUT \$500/MT.

3. NONE OF THE COUNTRIES PARTICIPATING IN THE MINIMUM PRICE ARRANGEMENT FOR NFDM ACCEPTED THIS PROPOSAL. NEW ZEALAND STATED THAT WHILE DEMAND FOR NFDM HAS LATELY STRENGTHENED, NO SALES AT \$500/MT WOULD BE POSSIBLE. SPAIN AND JAPAN, AS MAY BE EXPECTED, REJECTED THE AUSTRALIAN PROPOSAL, WHILE THE EC DECLARED THAT THIS PROPOSAL IS IN CONTRADICTION WITH THE REAL MARKET SITUATION. THE EC ASKED WHETHER IN CASE THE MINIMUM PRICE WERE RAISED TO \$500/MT THE DEROGATION FROM THIS MINIMUM, I.E., PERMISSION TO SELL BELOW THE MINIMUM, WOULD CONTINUE TO BE IN FORCE. IF SO, RAISING THE MINIMUM PRICE WOULD BE COMPLETELY MEANINGLESS. EC ALSO POINTED OUT THAT SINCE IMPORTERS HAVE MADE LONG RANGE PURCHASE COMMITMENTS AT LOW PRICES, IT IS UNLIKELY THAT SALES COULD NOW BE MADE AT HIGHER PRICES.

4. THE GROUP AGREED TO RETURN TO THE AUSTRALIAN PROPOSAL AT ITS NEXT MEETING. IN ORDER TO DISCUSS THIS PROPOSAL THE SECRETARIO WILL TRY TO ESTABLISH A SURVEY GIVING THE LENGTH OF THE CURRENT SALES CONTRACTS FOR NFDM AND DELIVERY PERIODS AS WELL AS THE LEVEL OF STOCKS IN IMPORTING COUNTRIES. CATTO

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